

## Message Text

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PAGE 01 STATE 118158  
ORIGIN COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 TRSE-00 STR-07  
AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 AF-10 ARA-10 EA-10 NEA-11 OIC-02 /169 R

DRAFTED BY COM/ BIEPR/OCA/VLEWIS:KG  
APPROVED BY EB/STA - J SPIRO  
COM/BIEPR/OCA/ADAUMAN  
COM/BIEPR/OTP/BSTEINBOCK  
EUR/NE/DGOODMAN  
EB/OT/STA/JSPIRO  
TREAS/EBARBER  
STR/MPOMERANZ

-----056812 101306Z /47

R 092153Z MAY 78  
FM SECSTATE WASHDC  
TO AMEMBASSY OSLO  
INFO USMISSION GENEVA

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USMTN FOR MTN GENEVA

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: BUY-NORWEGIAN PRESSURES IN OFFSHORE DEVELOPMENT

REF: OSLO 1041

1. NEWLY ESTABLISHED REGISTERING AND REPORTING SYSTEM FOR  
OFFSHORE CONTRACT TENDERS AND UNDERLYING GON RATIONALE  
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PAGE 02 STATE 118158

REPORTED REFTEL APPEAR TO CONTAIN SIGNIFICANT POTENTIAL FOR  
DISCRIMINATORY TREATMENT OF NON-NORWEGIAN SUPPLIERS.  
EMBASSY REQUESTED TO RAISE U.S. CONCERNS WITH GON AT AN  
EARLY OPPORTUNITY.

2. AS REPORTED BY EMBASSY, GON CLEARLY ENVISAGES MORE THAN  
PRELIMINARY INVOLVEMENT OF NORWEGIAN INDUSTRY (I.E., "AT

LEAST AT THE BIDDING STAGE") IN OFFSHORE DEVELOPMENT. WE ARE CONCERNED BY GON'S TARGETING OF 60 PERCENT AS "FAIR" NORWEGIAN SHARE OF NEW CONTRACTS AND BY GON ADMISSION THAT FUTURE CONCESSIONS AWARDS WILL BE LINKED TO CORPORATE PROCUREMENT POLICIES.

3. EMBASSY SHOULD MAKE THE FOLLOWING POINTS WITH APPROPRIATE GON OFFICIALS.

A. WE UNDERSTAND AND APPRECIATE GON DESIRE THAT NORWEGIAN SUPPLIERS OBTAIN A FAIR SHARE OF NEW CONTRACTS IN OFFSHORE RESOURCE DEVELOPMENT AS PART OF ECONOMIC RESTRUCTURING OBJECTIVES. HOWEVER, WE DO NOT BELIEVE THIS OBJECTIVE JUSTIFIES THE DENIAL OF THE SAME OPPORTUNITY TO FOREIGN (INCLUDING U.S.) SUPPLIERS AND THE SUBSEQUENT LOSS OF ORDERS WHICH MIGHT OTHERWISE BE PLACED WITH THEM IF COMPETITIVE CRITERIA ALONE WERE TO GOVERN SOURCE OF SUPPLY.

B. USG BELIEVES THAT NORWAY'S NEWLY ESTABLISHED REGISTERING AND REPORTING SYSTEM FOR TENDERS CREATES AN IMPORTANT NON-TARIFF MEASURE AT A TIME WHEN MAJOR EFFORTS TO REDUCE NTM'S ARE UNDERWAY. THIS REQUIREMENT IS BOUND TO INHIBIT PROCUREMENT FROM NON-NORWEGIAN SOURCES, PARTICULARLY IN VIEW OF THE GOVERNMENT'S STATED INTENTION TO TAKE PROCUREMENT RECORDS INTO ACCOUNT IN ALLOCATING FUTURE OFFSHORE LICENSES. WE FEEL NEW NTM IMPAIRS THE CONCESSIONS EXTENDED LIMITED OFFICIAL USE

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PAGE 03 STATE 118158

TO THE U.S. BY NORWAY IN THE KENNEDY ROUND. FURTHERMORE, WE QUESTION CONSISTENCY WITH GATT ARTICLE III NATIONAL TREATMENT PROVISIONS OF NORWEGIAN REGISTERING AND REPORTING SYSTEM WHICH IS INTENDED TO FACILITATE ACHIEVEMENT OF GON GOAL OF 60 PERCENT NORWEGIAN PARTICIPATION IN NEW OFFSHORE DEVELOPMENT CONTRACTS.

C. AT THE URGING OF THE ADMINISTRATION, BOTH HOUSES OF CONGRESS VOTED BY A NARROW MARGIN NOT TO INCLUDE "BUY AMERICAN" PROVISIONS IN THE OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS OF 1977. THE ADMINISTRATION IS ALSO SEEKING THE DELETION OF A DOCUMENTATION PROVISION (SECTION 31) IN H.R. 1614, THE HOUSE VERSION OF THE AMENDMENTS, WHICH THE NORWEGIAN EMBASSY FEARED COULD RESTRICT THE ACCESS OF NORWEGIAN FIRMS TO THE US OUTER CONTINENTAL SHELF MARKET. NORWAY SENT A LETTER TO CONGRESSMAN MURPHY AND MADE AN ORAL DEMARCHE TO THE DEPARTMENT OF STATE EXPRESSING ITS CONCERN. ENACTMENT OF RESTRICTIVE PROVISIONS BY THE NORWEGIAN GOVERNMENT FOR ITS OFFSHORE DEVELOPMENT WOULD CONSIDERABLY WEAKEN THE ADMINISTRATION'S ARGUMENTS AGAINST "BUY AMERICAN" AMENDMENTS TO THE OUTER CONTINENTAL SHELF LANDS ACT IN THE FUTURE.

D. THE USG CONSIDERS THAT NORWEGIAN SUPPLIERS (WHICH WON OVER 50 PERCENT OF OFFSHORE DEVELOPMENT CONTRACTS IN 1977) DO NOT NEED SPECIAL CONSIDERATION TO COMPETE FULLY AND FAIRLY FOR THIS BUSINESS. RATHER, FAIRNESS TO ALL SUPPLIERS IS BEST OBTAINED UNDER A NON-DISCRIMINATORY

PROCUREMENT POLICY WHICH ALLOWS EACH COMPANY FREEDOM TO SELECT EQUIPMENT IT CONSIDERS MOST APPROPRIATE, REGARDLESS OF SOURCE.

E. THE USG URGES THE GON TO RESCIND ITS RECENTLY ESTABLISHED REGISTERING AND REPORTING SYSTEM AND TO PERMIT PROCUREMENT DECISIONS TO BE MADE ACCORDING TO COMPETITIVE LIMITED OFFICIAL USE

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PAGE 04 STATE 118158

CRITERIA. ADDITIONALLY, THE USG WOULD WELCOME ASSURANCES THAT FUTURE DEVELOPMENT CONTRACTS NOT BE LINKED TO THE QUESTION OF SUPPLY SOURCING.

4. WE UNDERSTAND THAT U.S. COMPANIES ARE RELATIVELY WILLING TO COMPLY WITH GON REQUIREMENTS TO INCREASE THE NORWEGIAN CONTENT OF THEIR OPERATIONS. EMBASSY REQUESTED TO REPORT ANY DIFFICULTIES LOCAL SUPPLIERS OR DISTRIBUTORS OF U.S. PRODUCTS ARE HAVING IN MAKING SALES TO OIL COMPANIES. VANCE

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PAGE 01 STATE 118158  
ORIGIN EUR-12

INFO OCT-01 ISO-00 /013 R

66011

APPROVED BY EUR/RPE:EACASEY:WRF

APPROVED BY EUR/RPE:EACASEY

-----066570 110932Z /21

R 110228Z MAY 78

FM SECSTATE WASHDC

INFO RUFHBS/AMEMBASSY BRUSSELS 8959

AMEMBASSY PARIS

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USEEC, USOECD

FOLLOWING REPEAT STATE 118158 SENT ACTION OSLO INFO  
GENEVA MAY 9, 1978.

QUOTE: LIMITED OFFICIAL USE STATE 118158

USMTN FOR MTN GENEVA

E.O. 11652: N/A

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PAGE 02 STATE 118158

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PAGE 03 STATE 118158

TREATMENT PROVISIONS OF NORWEGIAN REGISTERING AND REPORTING SYSTEM WHICH IS INTENDED TO FACILITATE ACHIEVEMENT OF GON GOAL OF 60 PERCENT NORWEGIAN PARTICIPATION IN NEW OFFSHORE DEVELOPMENT CONTRACTS.

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PAGE 04 STATE 118158

QUESTION OF SUPPLY SOURCING.

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UNQUOTE VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** OFFSHORE DRILLING, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE118158  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** KG  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Reference:** 78 OSLO 1041  
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**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
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**Status:** NATIVE  
**Subject:** BUY-NORWEGIAN PRESSURES IN OFFSHORE DEVELOPMENT  
**TAGS:** ETRD, US, GATT  
**To:** OSLO  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014